In the Supreme Court of the United States

OCTOBER TERM, 1970

No. 810

UNITED STATES OF AMERICA, APPELLANT

v.

WILLIAM R. MARION AND SAMUEL C. CRATCH,
APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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United States District Court for the District of Columbia

Holding a Criminal Term, Grand Jury Sworn in on September 2, 1969

Criminal Case No. ——

UNITED STATES OF AMERICA

v.

WILLIAM R. MARION, SR., SAMUEL C. CRATCH, JR.

Grand Jury Original ——

Violations: 18 U.S.C. 1341 (Mail Fraud); 18 U.S.C. 1343 (Wire Fraud); 18 U.S.C. 2314 (Transportation of Falsely Made, Forged, and Altered Securities); 18 U.S.C. 2 (Aiding and Abetting)

The Grand Jury charges:

COUNT 1

1. From on or about March 15, 1965 and continuing thereafter up to and including February 6, 1967, William R. Marion, Sr., and Samuel C. Cratch, Jr., the defendants herein, unlawfully, wilfully and knowingly devised and intended to devise a scheme and artifice to defraud Alonzo Shearer, Thelma Shearer, Lawrence Hatton, Edna Hatton, William Jones, Evelyn Jones, Allie Mae Asberry, Bettie P. Staley, Sereta S. Staley, Lucille N. Brooks, Rosa Johnson, Inez Johnson, Rev. Andrew Williams, James Gray, Marion Gray, Sherman Webster, Samuel Duncan, Alice Duncan, George Crutchfield, Ruth Crutchfield, Geneva Gardner, and divers other persons, each and all of whom were members of and constituted a class of persons who possessed and enjoyed a right, title and interest in real property, and are herewith referred to as the Homeowners, and to obtain money and property by false and fraudulent pretenses, promises, and representations which pretenses, promises, and representations the defendants well knew would be and were false and fraudulent when made.

2. It was part of said scheme and artifice to defraud that the defendants would and did operate a corporation trading as Allied Enterprises, Inc. ("Allied"), and would and

did maintain offices at 4550 Rhode Island Avenue, North Brentwood, Maryland, from which address the defendants would and did trade as Allied, and over whose affairs and policies the defendants would and did exert their influence and control.

3. It was a further part of said scheme and artifice to defraud that the defendants would and did cause an intensive sales campaign by telephone solicitors and salesmen to be utilized in order to promote in the District of Columbia and elsewhere the sale of home intercom systems, burglary detection systems, fire control systems, and similar systems.

4. It was a further part of said scheme and artifice to defraud that the defendants would and did directly and indirectly by false and fraudulent pretenses, promises, and representations induce the Homeowners to enter into purported contracts for the installation of said systems, including, but not limited to, the false representation that Homeowners, by providing "Allied" with names and addresses of friends and acquaintances as prospective customers, would be participating in a sales-referral plan which would substantially reduce the cost of said systems to the Homeowners and provide financial benefits to the Homeowners.

5. It was a further part of said scheme and artifice to defraud that the defendants would and did prevent the Homeowners from canceling installation of the aforementioned systems by making token starts on the installation following the signing of the purported contracts but before Homeowners' credit had been approved, which practice was referred to as "spiking."

6. It was a further part of said scheme and artifice to defraud that the defendants would and did induce the Homeowners to sign documents the nature and character of which was falsely represented to and concealed from the Homeowners, to wit, documents styled (1) deeds of trust and (2) promissory notes.

7. It was a further part of said scheme and artifice to defraud that the defendants would and did alter the documents styled deeds of trust and promissory notes by thereafter inserting or causing to be inserted the following:

(a) trustees,

(b) date,

(c) payor,

(d) description of the properties to which said documents would pertain,

(e) principal amounts of indebtedness,

(f) terms of payment,

(g) interest charges, and

(h) late payment charges

without the knowledge, consent, or authority of the Homeowners.

8. It was a further part of said scheme and artifice to defraud that the defendants would and did cause to be certified by a notary public, an officer authorized to take acknowledgement of signatures on instruments which by law may be recorded, that Homeowners personally appeared before a notary public and acknowledged the signatures appearing on the herein mentioned documents styled (1) deeds of trust and (2) promissory notes to be their act and deed.

9. It was a further part of said scheme and artifice to defraud that the defendants would and did cause for their monetary gain the transfer of the herein abovementioned (1) deeds of trust and (2) promissory notes to persons and firms who would purport to be and would masquerade as "holders in due course," and who would collect from the Homeowners monies purportedly due and owing on the deeds of trust and promissory notes.

10. It was a further part of said scheme and artifice to defraud that the defendants would and did knowingly, unlawfully and willfully make and cause to be made false and fraudulent pretenses, promises and representations to Homeowners well knowing at the time that the said pretenses, promises and representations would be and were false when made, including, but not limited to, the false representation that the deeds of trust and promissory notes were mere revisions of and additions to the original contracts.

11. It was a further part of said scheme and artifice to defraud that the defendants would and did, knowingly and willfully, cause to be concealed and did fraudulently conceal from Homeowners the following:

(a) The character and nature of the documents which Homeowners were induced to sign;

(b) Deeds of trust signed by unsuspecting Homeowners would be and were thereafter notarized;

(c) Deeds of trust signed by Homeowners would be and were recorded in the land records of the District of Columbia;

(d) Documents bearing the signatures of Homeowners as thereafter completed would be and were transferred to third parties for money.

12. It was a further part of said scheme and artifice to defraud that the defendants would and did cause certain "congratulatory letters" and token checks to be transmitted to Homeowners for the purpose of and with the intent to lull said Homeowners into inaction concerning the defendants' fraudulent actions and misrepresentations with respect to the chain referrals and the documents styled contracts, deeds of trust, and promissory notes.

13. On or about September 3, 1965, for the purpose of executing the aforesaid scheme and artifice, and attempting to do so, William R. Marion, Sr., and Samuel C. Cratch, Jr., the defendants, knowingly, willfully, and unlawfully caused to be delivered in the District of Columbia by the United States mails according to the directions thereon an envelope and letter addressed to Alonzo Shearer, 1218 Oates Street, N.E., Washington, D.C.

(Violations 18 U.S.C. 1341 and 2)

COUNT 2

1. The Grand Jury realleges, and hereby incorporates by reference, all of the allegations of Count 1 of this indictment with the exception of those contained in paragraph 13 thereof.

2. On or about September 17, 1965, for the purpose of executing the aforesaid scheme and artifice, and attempting to do so, William R. Marion, Sr., and Samuel C. Cratch, Jr., the defendants, knowingly, willfully, and unlawfully caused to be delivered in the District of Columbia by the United States mails according to the directions thereon an envelope and letter addressed to Lawrence Hatton, 408 13th Street, N.E., Washington, D.C.

(Violations 18 U.S.C. 1341 and 2)